

Course Description: Theories of aggregate demand and aggregate supply; the determination of real national income, employment, and the price level; and the use of fiscal and monetary policies to achieve macroeconomic objectives.

Course Text: **Macroeconomics: Theories and Policies**, 8th Edition
Richard Froyen, Prentice Hall, 2005

Course Requirements: There will be 3 reviews, 7 problem sets, and a final examination. All work is to be done independently and pledged. No late assignments will be accepted for credit. In computing the course grade, the weights are:

Problem Sets (top 5)	15%
Reviews	60%
Final Examination	25%

Keys to Success in the Study of Economics:

1. Prepare for class--do the assigned reading before the class, noting any points of confusion.
2. Arrive for class one minute early, ready to begin the lecture at the bell.
3. Ask questions in class.
4. Review your notes (recopy and supplement if necessary) soon after each class.
5. Use extra help--early and often--to clear up any points of confusion. [Office hours: M-F: 2:30-4:00]
6. Start the problem sets early. Try to do as much as possible on your own, before referring to your notes.

If you follow this program, you should be in good shape for the reviews. More importantly, you will maximize your learning experience in the course. The main ingredient is self-discipline--making the daily investments to build a solid foundation of comprehension.

Below is an outline of the course. Assigned readings outside of the texts are on reserve in the library. Students are expected to stay informed on the current condition of the U.S. economy. Useful web sites for current U.S. macroeconomic data are: <http://www.bls.gov>, <http://www.bea.gov>, <http://www.federalreserve.gov/policy.htm> and <http://www.whitehouse.gov/fsbr/esbr.html>.

INTRODUCTION TO MACROECONOMIC CONCEPTS

- * Froyen, Ch. 1-2 [PS #1]
- * Bureau of Labor Statistics, ■How the Government Measures Unemployment,•
http://www.bls.gov/cps/cps_htgm.htm
- * Bureau of Labor Statistics, ■Consumer Price Index: Frequently Asked Questions,•
<http://www.bls.gov/cpi/cpifaq.htm>
- * Abel, Bernanke, and Croushore, "The Measurement and Structure of the National Economy," pp. 23-56 in **Macroeconomics**, 6th Edition, Pearson Addison Wesley (2008).
- * Council of Economic Advisers, "The Making of the New Economy,"
Economic Report of the President 2001, pp. 19-49.

CLASSICAL MODEL

- * Froyen, Ch. 3-4 [PS #2]

SIMPLE KEYNESIAN MODEL

- * Froyen, Ch. 6
- * P. Hess and C. Ross, ■A Simple Keynesian Model of National Income Determination,•
Chapter 24 in **Principles of Economics** (West, 1993).

KEYNESIAN IS-LM MODEL

* Froyen, Ch. 7-8 [PS #3]

REVIEW #1 (February 25)

KEYNESIAN AGGREGATE DEMAND-AGGREGATE SUPPLY MODEL

* Froyen, Ch. 9 [PS #4]

MONETARISM AND THE NATURAL RATE OF UNEMPLOYMENT

* Froyen, Ch. 10-11

* Council of Economic Advisers, ■The NAIRU and Its Evolution,•
Economic Report of the President 1997, pp. 45-54.

NEW CLASSICAL ECONOMICS

* Froyen, Ch. 12

MACROECONOMIC MODELS

* Froyen, Ch. 13-14

* N. Mankiw, ■A Quick Refresher Course in Macroeconomics,•
Journal of Economic Literature, (December 1990), pp. 1645-1660.

* N. Mankiw, "The Macroeconomist as Scientist and Engineer,"
Journal of Economic Perspectives, (Fall 2006), pp. 29-46.

FISCAL POLICY AND SUPPLY-SIDE ECONOMICS

* Froyen, Ch. 19-20

REVIEW #2 (April 7)

CONSUMPTION

* Froyen, Ch. 21 (pp. 446-461) [PS #5]

* C. Garner, "Should the Decline in the Personal Saving Rate Be a Cause for Concern?"
Economic Review, Federal Reserve Bank of Kansas City, (Second Quarter, 2006), pp. 5-28.

INVESTMENT

* Froyen, Ch. 21 (pp. 462-469) [PS #6]

MONEY DEMAND

* Froyen, Ch. 22

MONEY SUPPLY

* Froyen, Ch. 17-18 [PS #7]

THE EXTERNAL ACCOUNT

* Froyen, Ch. 15

REVIEW #3 (May 5)

MACROECONOMIC POLICY

* Council of Economic Advisers, "Symmetry in Recessions and Expansions,"
Economic Report of the President 2005, pp. 57-70.

* Council of Economic Advisers, **Economic Report of the President 2008** (TBA)